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S E C R E T SECTION 01 OF 07 ABU DHABI 002081

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STATE FOR EB A/S WAYNE, EB/ESC/TFS DNELSON, KLEAHEY,
NEA/ARP STHORNE, TREUTER, S/CT HCRUMPTON
TREASURY FOR U/S LEVEY, PHEFFERNAN, RLEBENSON, KHECHT,
MEPSTEIN, ASZUBIN
FBI FOR FWAIKART, MMOREHART, MHUDSON, JHERRING
CIA FOR CTC/FINO
DHS FOR DHS/ICE, FINANCIAL AND TRADE INVESTIGATIONS,
KDELLACOLI, JGALLION
NSC FOR JZARATE, FTOWNSEND, MMALVESTI, NSHAMPAIN, MTAYLOR
MANAMA FOR JBEAL

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TAGS: [PTER](#) [KTFN](#) [PARM](#) [MCAP](#) [IR](#) [AE](#)

SUBJECT: U/S LEVEY CO-CHAIRS 2ND U.S./UAE JTFCC MEETING

REF: A. ABU DHABI 409
[1](#)B. STATE 57203
[1](#)C. STATE 62100
[1](#)D. ABU DHABI 1409
[1](#)E. STATE 209792
[1](#)F. ABU DHABI 1887
[1](#)G. ABU DHABI 440
[1](#)H. STATE 68520
[1](#)I. ABU DHABI 2080
[1](#)J. ABU DHABI 1836

Classified By: Ambassador Michele J. Sison, for reasons 1.4 b and d.

[1](#)1. (S) Summary. The second meeting of the Joint Terrorist Finance Coordinating Committee (JTFCC) was held in Abu Dhabi April 30, 2006. The JTFCC was chaired on the UAE side by Central Bank Governor Sultan Nasser al-Suwaidi and on the U.S. side by Treasury Under Secretary for Terrorism and Financial Intelligence Stuart Levey. Governor al-Suwaidi began the meeting by discussing the UAE's concern with Somali remitters, including the UN-designated company Al Barakat. He also expressed concern about how to differentiate between "conduits" of terrorism financing and actual "terrorist financiers." The UAE team agreed to study its charity regulations to identify "loopholes" in its procedures. U/S Levey again passed the paper on Human Appeal International (HAI) to the Central Bank, Ministry of Social Affairs, and Dubai State Security Organization. During the JTFCC, the UAE delegation described its procedures for monitoring the flow of cash into the country. Central Bank officials told the U.S. delegation that the Bank is vulnerable to lawsuits for freezing the funds of proliferators based solely on U.S. requests. The two delegations agreed to hold the third JTFCC meeting September 12 or 13, 2006. In separate meetings on May 1, Dubai State Security Director discussed his organization's "quiet" approach to preventing extremist organizations from gaining a foothold in Dubai, and the Chairman of Dubai Ports, Customs, and Free Zones told U/S Levey that the international community needs to use both "the carrot and the stick" against Iran. (For a readout of the first JTFCC meeting, see ref A.)

12. (U) Summary continued. Action requests for Treasury and State EB/TFS contained in para 17. End summary.

JTFFCC

13. (S/NF) On April 30, the U.S./UAE Joint Terrorist Finance Coordinating Committee met for the second time. The U.S. delegation, led by Treasury Under Secretary for Financial Crimes and Intelligence Stuart Levey, included David Nelson, Director, Office of Terrorism Finance and Economic Sanctions, Bureau of Economic and Business Affairs; Frank Waikart, FBI Special Advisor; Joe Gallion, Financial Investigations Section Chief, Department of Homeland Security, Immigration and Customs Enforcement (DHS/ICE); Matthew Epstein and Kristen Hecht, Treasury Financial Analysts; Jason Beal, Treasury Office of Foreign Assets Control Attache; Ambassador; DHS/ICE Attache; Legat; SIMO Deputy Chief; and Acting Econ Chief. The UAE delegation, led by Central Bank Governor Sultan Nasser al-Suweidi, included officials from the Central Bank's Anti-Money Laundering and Suspicious Cases Unit; the UAE Ministries of Interior, Foreign Affairs and Social Affairs; the federal State Security Department; the Dubai State Security Organization; the Dubai Department of Islamic Affairs and Charitable Activities (DDIA); and Dubai Customs.

Al-Barakat

14. (C) After opening remarks, al-Suweidi began the substantive discussions with a question about Somali hawala dealers (hawaladars) and the designated Somali remitter, Al

ABU DHABI 00002081 002 OF 007

Barakat. He said that during his recent trip to London, UK officials expressed concern about money flowing from Europe through UAE hawaladars to Somalia. Matt Epstein told the UAE delegation that the U.S. remains concerned about certain Somali hawaladar networks that continue to operate internationally, including in the United States. Al-Suweidi noted that the Central Bank has maintained its freeze on Al Barakat accounts in the UAE, but that they are finding other ways to transfer money. Al-Suweidi and U/S Levey agreed that it would be useful for the UAE, UK, and U.S. meet jointly to discuss this issue. U/S Levey said the USG would come prepared with specific information that could be shared with the UAE and the UK.

15. (C) Abdulrahim al-Awadi, Executive Director and In-Charge of the Central Bank's Anti Money Laundering and Suspicious Cases Unit (AMLSCU), told the U.S. delegation that one of the UAE-based Al Barakat operatives whose assets were frozen continues to proclaim innocence, and has provided invoices demonstrating that the cash was used to purchase legitimate construction equipment for shipment to Somalia. Al-Awadi said that the UAE needs assistance from the U.S. in determining which individuals are "legitimate and which are wrongdoers." He requested U.S. assistance in reviewing the individuals on a case by case basis to identify the innocent.

16. (S) Al-Awadi said that when the Central Bank froze the UAE-based Al Barakat accounts, the UAE asked the U.S. to coordinate with the UAE's security forces to apprehend the individuals, although this has never happened. According to the Central Bank Governor, "We want you to take the people away. As far as we can tell, they have financed terrorism, but what can we do? Our authorities are happy to give them to you." U/S Levey explained that if the UAE is unable to prosecute these individuals for financing terrorism, it is still important to freeze their accounts to prevent them from operating. (Note: The UAE's law criminalizing terrorist financing was passed in August 2004, after the Al Barakat accounts were frozen. Thus, the UAE is unable to use this law to prosecute the individuals involved. End note.)

17. (C) At the conclusion of the discussion on Somalia remitters and Al Barakat, al-Suweidi requested a paper explaining the difference between terrorist financiers and the "conduits" who simply transmit the money. He asked that the paper contain a description of the different penalties involved for each (i.e., prosecution versus fines and/or closure). Al-Suweidi added that if al-Barakat is only a conduit, then the Emiratis need to know, so this information can be passed to the judicial system, because the Central Bank would like to drop the case.

Charities

18. (C) Prior to the JTFCC meeting, U/S Levey and the delegation met with Hussein al-Sheikh, special advisor on charities to the Ministry of Social Affairs (MSA). U/S Levey and al-Sheikh discussed the U.S. interagency paper on charity regulations prepared for the JTFCC meeting (ref B). Al-Sheikh noted that the UAE constitution delegates certain authorities (like the ability to license and regulate non-profit organizations) to each of the UAE's seven emirates. The federal MSA licenses charities in Abu Dhabi and those that operate outside of their "home" emirate. Al-Sheikh told U/S Levey that the MSA does not have any authority over charities licensed by local municipalities. In response to U/S Levey's question about who monitors the disbursement money, al-Sheikh said that the Central Bank does. Al-Sheikh also reported that charities must either send money overseas through the UAE Red Crescent, or obtain MSA's approval in order to send money abroad, but he was unable to say how the Ministry or the Central Bank enforces this requirement. He did note, however, that most of the charities licensed by MSA fund local, vice international, causes.

ABU DHABI 00002081 003 OF 007

19. (C) U/S Levey told al-Sheikh of the USG's concern about the Ajman-licensed charity Human Appeal International (HAI) and passed him a copy of the paper that had been prepared for the January JTFCC meeting. Al-Sheikh said that the MSA has no authority to monitor or investigate HAI's international transfers, and that such authority lies with the Ministry of Interior, state security, and the Ministry of Justice. Recognizing the vulnerability posed by the emirate-level licensing and monitoring system, al-Sheikh recommended discussing this issue at the JTFCC and noted, "It would be good if the committee recommended an amendment to the federal law." (Note: In a recent meeting between Ambassador and the Central Bank Governor, al-Suweidi told Ambassador that he thought the UAE should require that all international charity transactions be subject to MSA oversight, regardless of which entity licenses the organization. Ref D.)

10. (C) At the JTFCC meeting, al-Sheikh began the charities discussion by observing that the federal MSA's regulations regarding charitable organizations are in-line with the FATF's Best Practices Paper on Charity Regulation and the Interpretive Note, and with the MENAFATF's Best Practices Paper on Charity Regulation. U/S Levey agreed that the federal regulations are strong, but he queried whether municipalities applied the same guidelines to the locally licensed charities. Al-Sheikh responded that the framework of the federal laws should be applied to the locally licensed charities. He also said that although local governments license and regulate the organizations, "for sending money abroad, I thought they are regulated by the Central Bank." Al-Suweidi replied that the Central Bank had issued regulations stating that charities cannot open bank accounts without approval of the MSA. When Ambassador observed that the USG is also interested in knowing which body has the ability to enforce the regulations, al-Suweidi replied that local authorities must go to the Ministry for a license in order to open a bank account. He said that if a charity is unable to get the license, it cannot open an account, and "what is the point of a charity with no account?" (Comment:

Embassy notes that the Central Bank should be involved in more than just ensuring that only licensed charities open accounts. It also must be involved in monitoring the transactions of charities. The Central Bank's regulation states only that no financial institution may open an account unless it presents an MSA license. It does not stipulate that the account cannot transfer money outside of the country. The requirement that international transactions go through the UAE Red Crescent is a 1999 amendment to the 1974 Charities law. End comment.)

¶11. (S) Raising HAI, U/S Levey asked which entity is responsible for monitoring where a charity's money goes and to ensure it is not diverted. Answering, al-Suweidi said "That responsibility falls on the board members of the charity and the local government." Al-Awadi told the delegation that the members of HAI's board are "very honest, with no bad associations. I am sure if there are any violations, that if the Ministry takes it to the board, they will take action promptly." U/S Levey responded that, while it is possible that the board is unaware of HAI's illicit activities, it is important to investigate the matter fully. Al-Sheikh said that MSA would examine the HAI paper, discuss it with the Ajman municipality and the Central Bank, and determine what action should be taken. (Comment: Although al-Sheikh committed to consult with the Ajman municipality, the MSA does not have the authority to take any action. As al-Sheikh observed during the earlier meeting, such authority lies with the Ministry of Interior, the federal State Security Department, and the Ministry of Justice. End comment.)

¶12. (S/NF) U/S Levey stressed that he is not only interested in HAI, but that he is also concerned about the UAE's decentralized charity monitoring regime in general,

ABU DHABI 00002081 004 OF 007

particularly as it relates to charities' international contributions. The representative from the federal State Security Department (SSD) said that local charities are not allowed to transfer money abroad, but that they are supposed to donate in the form of in-kind aid or project assistance. These activities are subject to approval by the local authorities and state security. He said that when a UAE charity wants to work abroad, SSD conducts an internal check on the charity and checks with the security services of the recipient country. If SSD determines that either the donating or recipient charity has questionable connections, then it does not authorize the organization to work internationally. The SSD representative said the UAE would prepare a paper describing the process for sending money abroad. Agreeing that this was a good idea, al-Suweidi told U/S Levey that the UAE would coordinate a paper discussing the UAE's interagency system. He also noted that the UAE team would "examine the loopholes and see how to address them." (Note: On May 6, Acting Econchief spoke with Sami al-Gargash, of the Dubai Department of Islamic Affairs and Charitable Activities (DDIA). Al-Gargash, who attended the meeting, said he was very frustrated that the MSA representative did not mention that Dubai has its own system to monitor charities. He said that he wrote a letter to the Central Bank Governor requesting that the UAE team hold a coordination meeting in advance of the next JTFCC meeting, so that the UAE teams can better prepare and coordinate what they will discuss. End note.)

Cash Couriers

¶13. (C) The UAE began the discussion of cash couriers by providing a copy of a paper al-Awadi prepared for the recent EU/Gulf Cooperation Council meeting in Brussels. Al-Awadi provided a briefing on the paper. The paper outlined the UAE's requirement to declare imported cash over 40,000 dirhams (approximately \$10,900), and it noted that customs authorities may seize undeclared funds and refer cases to the attorney general for investigation and possible prosecution.

The paper also described customs inspection techniques, such as passenger screening and technical inspection of luggage and freight. Al-Awadi reported that the UAE recently placed signs in its international airports notifying passengers of the cash reporting requirement. Governor al-Suweidi observed that even though the UAE law does not include reporting requirements for outbound cash, customs machines scan outgoing baggage for substantial amounts of cash. Al-Suweidi told the U.S. delegation that at the point of entry, individuals are asked to declare their cash. If they do not declare money, but the machines identify that they have cash, then customs officers search the individuals. In response to a question about procedures at the land borders, the SSD representative said that they check all incoming luggage, and they do not allow people to carry cash over the border in excess of 40,000 dirhams. "If we find money, then we call the Saudi authorities. We turn him back with the money and require him to send it via a bank," he said.

¶14. (S) Ambassador briefed the UAE delegation on the recently proposed joint tactical cash courier operation between Dubai Customs and DHS/ICE. Ambassador noted that the USG is pleased that Sultan Bin Sulayem, Chairman of Dubai Ports, Customs, and Free Zones, was fully supportive of the proposed May operation targeting high-risk incoming flights for search. Ambassador also reported that she had briefed the operation to Abu Dhabi Crown Prince Mohammed bin Zayed al-Nahyan and UAE Foreign Minister Abdullah bin Zayed al-Nahyan and that they had supported the idea.

¶15. (C) Governor al-Suweidi requested a paper describing how our customs officers monitor the U.S. land border. He asked that the paper identify any difference in approaches at the Mexican versus Canadian borders. Waikart said that the FBI would discuss this issue with the UAEG during upcoming training. Governor al-Suweidi also asked about drug money

ABU DHABI 00002081 005 OF 007

and how it is smuggled into the United States. U/S Levey told al-Suweidi that the U.S. interagency had recently published a paper on how money is laundered in the United States. (Note: On May 8, Embassy provided a copy of this paper to the UAE Central Bank. End note.)

Proliferation Finance

¶16. (S/NF) In a pre-meeting between U/S Levey, the Central Bank Governor, and al-Awadi, and during the JTFCC meeting, al-Awadi raised concerns about the Central Bank being vulnerable to lawsuits by individuals whose accounts have been frozen at the request of the USG. Al-Awadi again requested indemnification, but U/S Levey said the USG would not be able to indemnify the UAE Central Bank. (Comment: This is the first time any Central Bank official has raised the indemnification issue since Ambassador delivered U/S Joseph's letter outlining the UAE's obligations under UNSCR 1540 in November (ref E). A separate U.S. delegation held the Counterproliferation Task Force Working Group on Proliferation Finance on May 1 with Central Bank officials, and al-Awadi raised this issue in considerable detail - ref ¶F. End comment.) The Emiratis provided a document detailing Dina Khan's frozen assets in the UAE. Al-Suweidi was adamant that the UAEG does not have sufficient evidence to maintain the freeze, and he said the Central Bank is continuing to receive documentation (in the form of affidavits) from her lawyers indicating that her funds did not come from her father.

Action Items, Next Meeting

¶17. (C) At the conclusion of the JTFCC, the U.S. and UAE delegations agreed to hold the third meeting either September 12 or 13, 2006 in Abu Dhabi.

-- Action Request for Treasury, State EB/TFS/ESC: please discuss the possibility of coordinating a meeting between the

UAE, UK, and U.S. to discuss the issue of Somali hawaladars (see para 4).

-- Action Request for Treasury: please prepare and seek interagency approval on a "conduit versus financier" paper for passage to the UAE at, or before, the next JTFCC meeting (see para 7).

Dubai State Security Chief On Countering Extremism

118. (S) On May 1, U/S Levey and the delegation met with Dubai's General Department of State Security (GDSS) Chief Mohammed al-Qemzi. (Note: the GDSS was formerly called Dubai State Security Organization (SSO). End note.) U/S Levey, who met al-Qemzi in January and passed him a copy of the paper on HAI (ref G), asked for an update on the organization. Al-Qemzi reported that HAI's license for its Dubai office will not be renewed, and he said that the GDSS had alerted the federal SSD about the office's closure. Al-Qemzi observed that he is worried about HAI's connections to the Muslim Brotherhood (MB), adding that the MB is committed to collecting money for Hamas, as directed by the MB Supreme Guide Mohammed Akef. However, he noted that since HAI is licensed in Ajman, the GDSS can not take any action against the charity's headquarters. Al-Qemzi said that Dubai has a policy that any MB-linked organization will be closed. However, he said that since "the charity is not designated by the UN, the judicial authorities cannot prosecute." He noted that one of the biggest challenges in investigating charities is that they tend to not send money directly to terrorists, but rather they send money to other charities which then hand the money to terrorists.

119. (S) Turning to a more general discussion of the Muslim Brotherhood and countering extremism, al-Qemzi asked for the

ABU DHABI 00002081 006 OF 007

USG's view on MB. U/S Levey responded that the USG tries to differentiate between its organizations that support violence and organizations that do not. Matt Epstein added that the USG has designated some specific MB entities in Kuwait and Bosnia for their direct support to terrorism. Al-Qemzi said that he views the MB as a unified movement that directs its associated organizations. "If we don't act today using the tools we have, then we won't have enough tools in the future to stop them," he said. Al-Qemzi said that the GDSS's approach to countering the MB's influence is to try to isolate them; he said that a person's connection with the MB was "enough" to disqualify him from holding a senior UAEG position. Al-Qemzi said that the GDSS is aware that the MB has tried to "hijack" charities and force them to contribute to the MB's causes. He said that when Dubai restructured its board responsible for monitoring charitable activities (DDIA) in 2005, it "killed" the MB's effectiveness. When the DDIA reviews the license application for any charity organization, it reviews the organization's board of directors and vets whether they have any ties to the MB or other extremist organizations. Al-Qemzi said that Dubai's strategy is to isolate the extremists by keeping them out of important positions and preventing them from recruiting youth into their movement. He reported that he has had good support for this policy from the Ruler of Dubai Mohammed bin Rashid al-Maktoum, who "understands the MB's threat." Al-Qemzi also complained about MB organizations operation in Europe that served as conduits for MB funds. After the meeting, al-Qemzi offered to provide a list of these organizations to U.S. Levey. Treasury also requested a copy of an MB presentation. Al-Qemzi said he presented to Dubai Ruler Mohammed Bin Rashid Al Maktoum.

120. (S) In response to U/S Levey's question about whether there might be a way to de-legitimize them via a public campaign, al-Qemzi said that it would be difficult because the MB is strong and has already penetrated "many governments

and international bodies." He also said that he thought the MB would find loopholes around any public approach. Al-Qemzi said that Dubai tries to quietly offer an alternative -- particularly for the youth -- by providing government-funded activities and clubs. "We strive to create competition with the MB and other extremist organizations by giving children other opportunities," said al-Qemzi.

¶21. (S/NF) Treasury representative Matt Epstein asked al-Qemzi for his views on Muhammed bin Surur Zain al-Abideen and his MB spin-off organization known as Sururiyya. Al-Qemzi stated that GDSS considers Surur a terrorist and Sururiyya a terrorist organization. Al-Qemzi offered that the Sururis are extreme like Takfiri, but well organized like the MB. He was not aware of a significant Sururi presence in Dubai.

¶22. (S/NF) U/S Levey asked for an update on the status of terrorist financier al-Shamsi. Al-Qemzi reported that al-Shamsi is still being monitored by the GDSS, cannot travel outside of the country, and cannot have any involvement with any of his businesses. Al-Qemzi reported that al-Shamsi has shared all of the information he has on the terrorist networks with which he was associated. U/S Levey reiterated that designating al-Shamsi would be a good way to hold al-Shamsi accountable for his actions and provide a deterrent to others.

Chair of Dubai Ports, Customs On Re-exporting to Iran

¶23. (C) In a May 1 meeting with Sultan bin Sulayem (SbS), Executive Chairman of Dubai Ports, Customs, and Free Zone, U/S Levey thanked SbS for his support in the joint cash courier operation that would begin in early May. SbS agreed that it was an excellent initiative. He said that Dubai has noticed that certain nationalities -- like the Russians --

ABU DHABI 00002081 007 OF 007

are often "embarrassed" to declare their cash. He also said that there have been problems with Russians and Pakistanis bringing counterfeited currency into the UAE. SbS reported that Dubai Customs is working to counter these problems, and that things like the proposed U.S./UAE cash courier operation will facilitate their efforts. SbS said that although there are no x-rays along the land borders, they are in the process of being installed. He reported that while Dubai customs officials used to search for illegal pornography or liquor, they now concentrate on finding "dangerous items" like drugs and weapons. "The peace and safety in Dubai is earned. Dubai Police, Customs, and GDSS all work hard to ensure that it is maintained," he said.

¶24. (S) During a discussion about Iran's proliferation efforts, SbS told U/S Levey that Dubai Customs has employed a former GDSS officer to monitor companies in the free zones. He said they have a list of materials of concern, and they are "watching" to see who is importing those items. SbS told U/S Levey that Dubai is willing to close Iranian front companies, but he emphasized that Dubai needs more information from the USG on companies of concern. He said that Dubai tries to ensure that the companies do not continually re-open under new names, but he acknowledged that it is a difficult task. U/S Levey provided SbS with a copy of Executive Order 13382, which identifies Iranian and North Korean front companies associated with proliferation activities.

¶25. (C) In a general discussion about Iran, SbS observed that Ahmadinejad is very popular among the Iranian people. Because of the smart diplomacy Ahmadinejad is conducting among his own people, SbS opined that it will be more difficult for the international community to act against him. "You need to show the carrot and the stick," he observed. SbS also observed that Iran is dependent on Dubai as a source

of food and other necessities, "People buy at the markets here, put the items on the dhows, and take them to Iran. Without Dubai, the Iranian people would have a more difficult time getting the things they need."

Comment

¶26. (C) The Central Bank Governor expressed to officials in Washington during his April visit that he would like for the U.S. and the UAE to sign an Memorandum of Understanding (MOU) to "formalize" the JTFCC (ref H). Embassy does not/not recommend entering into an MOU with the Central Bank. If the Governor continues to request an MOU, Embassy requests Washington consider drafting a very general document that only commits the two countries to meeting two to three times per year in order to discuss issues of mutual concern regarding terrorist financing. It should state that the UAE side will be represented by federal and Dubai authorities, and that the U.S. side will be comprised of representatives from appropriate agencies. An MOU should not/not be an attempt to delineate or "formalize" interactions in between JTFCC meetings. It is essential that the day-to-day contacts between various USG and UAEG agencies continue at the status quo. End comment.

¶27. (C) U/S Levey's meeting with Foreign Minister Abdullah bin Zayed al-Nahyan will be reported septel (ref I). U/S Levey's discussions with Dubai General Department of State Security Director al-Qemzi regarding Mayrow and its associated Iranian front companies purchasing components for improvised explosive devices were reported in ref J.

¶28. (U) U/S Levey cleared on this cable.
SISON